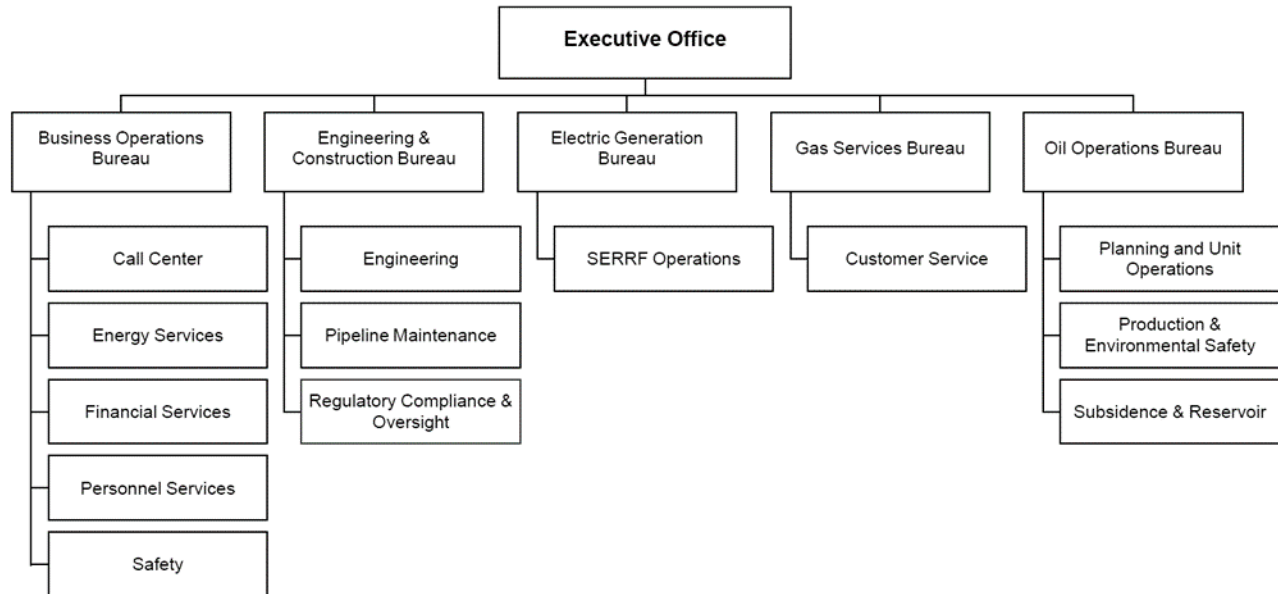


Long Beach Gas & Oil



Robert Dowell - Director of Long Beach Gas & Oil

Tony Foster – Manager, Business Operations Bureau

Steve Bateman - Manager, Engineering and Construction Bureau

Charles R. Tripp - Manager, Electric Generation Bureau (SERRF)

Edward Farrell - Manager, Gas Services Bureau

Kevin Tougas - Manager, Oil Operations Bureau

Department Overview

Mission:

To safely provide price-competitive natural gas utility services to residents and businesses, to commercially accept regional refuse for conversion into generated electrical power for resale, and to manage in an environmentally safe manner the City and State's onshore and offshore production of oil and natural gas to maximize production levels and revenues.

FY 18 Focus:

The Long Beach Gas & Oil Department (LBGO) consists of three significant enterprise operations: 1) a municipally-owned gas utility that is the seventh largest in the United States, supporting 154,000 customer accounts and maintaining 1,900 miles of pipeline; 2) the Southeast Resource Recovery Facility (SERRF) creating electricity from refuse, processing about 445,000 tons of solid waste in Fiscal Year 2017; and, 3) a major oil field operation that produces about 12 million barrels annually with an exemplary environmental safety record.

GAS – Since 2012, the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA), has required all natural gas distribution pipeline operators to implement a Distribution Integrity Management Plan (DIMP). DIMP requires LBGO to periodically perform risk assessments on its pipelines by identifying, ranking and mitigating risks. Through the DIMP process, LBGO identified four significant risks to the City's gas distribution pipeline system: 1) excavation damage caused by third parties, 2) accelerated corrosion damage to older pipelines in the system, 3) past pipeline installation practices, and 4) susceptibility of major pipeline damage in the event of a localized earthquake. These risks are being mitigated through LBGO's ongoing pipeline replacement program.

In FY 18, LBGO will continue to focus on updating PHMSA required regulatory compliance documents that support overall distribution and operation activities. In addition, LBGO is implementing a new Operator Qualification (OQ) program for all its Gas Services, Pipeline Maintenance and Inspection personnel in advance of changes to federal regulatory requirements.

In early FY 18, LBGO will complete deployment of an Advanced Metering Infrastructure (AMI) system over more than 150,000 gas meters that will enable the City's gas utility customers to utilize an array of interactive tools to monitor and optimize gas consumption. This "smart meter" system greatly enhances privacy and security for utility customers as monthly visits from contract meter readers are no longer necessary. Upon completion of this project, LBGO is expected to reduce annual vehicle trips by 160,000 with a corresponding reduction in CO₂ emissions of 400,000 pounds every year.

LBGO continues its leadership efforts to utilize natural gas as an economically efficient alternative fuel to lower greenhouse gas emissions. In June 2017, LBGO began delivery of Renewable Natural Gas (RNG or biogas) to all of Long Beach Transit's CNG-powered bus fleet. Biogas is a combustible gaseous fuel that is collected from the degradation of organic matter in anaerobic conditions including landfills, livestock operations and waste water treatment. While combustion of biogas produces carbon dioxide, the carbon in biogas comes from plant matter that fixed this carbon from atmospheric CO₂. Thus, biogas production is carbon-neutral and does not add to greenhouse gas emissions. LBGO anticipates rapid expansion of RNG to other CNG-powered fleets throughout the City.

LBGO is also looking to install a compressed natural gas (CNG) fueling station in the harbor to help reduce CO₂ emissions.

OIL - LBGO is the Unit Operator for the Wilmington Oil Field production activities, and holds various interests in smaller oil fields throughout the City. These operations are significant, with over 2,000 active wells. While much of net oil revenue goes to the State, Long Beach is anticipated to receive about \$10.69 million in the Tidelands Operating Fund and \$8.91 million in the Uplands Oil Fund in FY 18.

The fluctuating market price for a barrel of oil has a tremendous impact not only on revenue but also on operational decisions and investments in future exploration. For FY 18, LBGO budgeted the base oil price at \$45 per barrel.

Department Performance Measures

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Number of feet of main pipeline replaced	50,382	45,000	50,000	50,000

As a result of the federally required Distribution Integrity Management Plan (DIMP) review, the rate of targeted pipeline replacement is a critical measure to ensure the operational integrity and overall safety of the 1,900 miles of gas main and service pipeline infrastructure. Based on the DIMP review, and the deployment of the AMI project, the Department has temporarily shifted the pipeline replacement focus to larger diameter “backbone” pipelines. Larger diameter pipe is costlier (per foot) to install but increases the reliability of the overall gas distribution system. This focus on larger diameter pipe replacement is expected to continue into FY 18.

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Number of barrels of oil produced (in millions)	12.67	12.00	12.89	11.85

The number of barrels of oil produced indicates the level of oil drilling activity for the year and the natural reservoir decline in oil production rate.

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Number of tons of waste processed at SERRF	447,000	460,000	445,000	440,000

The measure indicates the amount of waste that was kept out of local landfills. The fluctuations in tonnage listed are within the normal fluctuation of a 29-year-old facility of this type. It is expected to experience additional outages some years due to the age of equipment at the facility. Additionally, the lower production levels in FY 17 is due to the rain. Rain creates wet refuse which is more difficult to process.

Key Measure	FY 16 Actual	FY 17 Target	FY 17 Estimate	FY 18 Projection
Number of gas emergency service calls completed	5,640	5,500	6,551	6,000

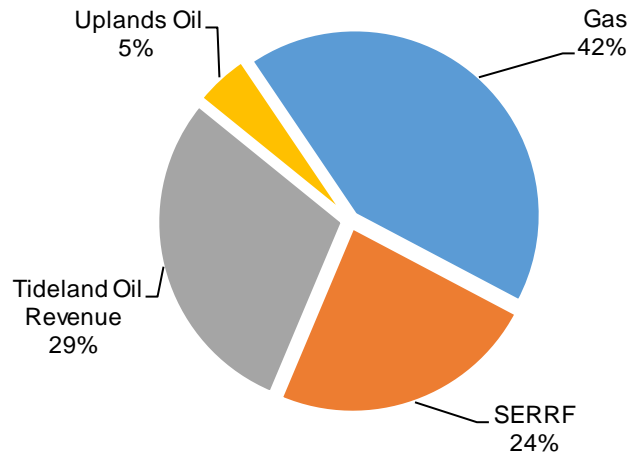
Emergency service calls are received and dispatched by the Gas Services Bureau which operates a 24/7 emergency dispatch center. Reported leak calls are dispatched immediately for response and action.

FY 17 Accomplishments

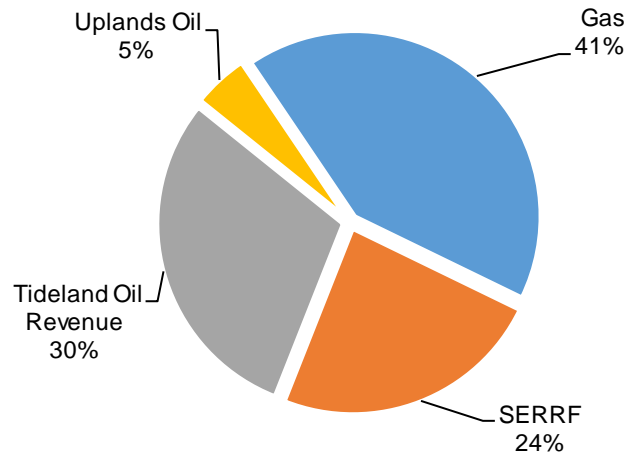
- Replaced approximately 36,500 feet of aging pre-1960 main pipeline (the pipeline that runs under streets) including high-pressure mains on Orange Avenue and Spring Street and medium pressure mains and services in the Los Altos South and Lindbergh neighborhoods. Replaced medium pressure mains on Lime Avenue and Charlemagne Avenue in advance of Public Works street rehabilitation projects. Also, replaced 40,000 feet of service pipeline (pipeline that connects from the main pipeline to the customer's meter) in 2017.
- Installed new natural gas mains and services at development projects including Riverdale, Crescent Heights (Signal Hill) and Douglas Park.
- Implemented a new US Department of Transportation (DOT) rule requiring excess flow valves or curb valves be installed on each new or replaced service pipeline.
- Completed a two-week integrated inspection conducted by the DOT covering LBGO's operations, operator qualification, DIMP, public awareness and damage prevention programs.
- Constructed two new pressure-regulating stations to ensure proper pressure operation throughout the system.
- Responded to 12,000 requests for locating and marking underground gas pipeline facilities to minimize damage to gas pipelines associated with excavations.
- Conducted a survey for natural gas leaks on LBGO pipeline facilities representing about 30 percent of the City.
- Repaired 175 leaks on gas main and service pipelines.
- As part of LBGO's DIMP, and ongoing commitment to reducing pipeline damage and to ensure the safety to residents, LBGO continues a multi-year sewer line inspection program to identify and repair any gas service pipelines that may encroach upon customer-owned sewer laterals. In 2017, approximately 1,000 sewer lines were inspected.
- LBGO manages the City and State's oil and natural gas operations consisting of over 2,000 active wells producing about 33,000 barrels of oil and nearly 12 million cubic feet of gas per day. The operations drilled approximately 12 wells and ensured adequate water injection into the subsurface to manage subsidence. The subsidence management program maintained stable elevations as verified by results obtained from approximately 540 elevation benchmarks throughout the oil field.
- SERRF processed its 13.5 millionth ton of refuse since opening in July 1988. That equals about 6.3 million megawatts of electricity produced. On average, SERRF provides 218,000 megawatts of energy each year, enough to support 31,000 households or 65,000 electric vehicles.
- Energy Services helped 6,000 low-income customers receive discounted utility bills.
- Assisted 283,000 customer inquiries through the Utility Call Center with calls regarding gas, water, sewer and refuse services.
- Local supplies and favorable index pricing has allowed LBGO to maintain average residential gas bills that were lower than other Southern California gas utilities.
- LBGO estimates safely completing 111,105 gas and water customer service orders and responding to 6,551 gas emergency calls during and after regular business hours.
- In FY 17, the Gas Services Bureau estimates completing 4,275-meter exchange upgrades to AMI compatible meters.
- In FY 17, the Gas Services Bureau installed 3,769 AMI smart points to compatible meters currently in the field.

FY 18 Budget

FY 18 Revenues by Fund



FY 18 Expenditures by Fund



Fund Impact

Fund	Revenues	Expenditures*	Fund Impact
Gas	91,636,744	88,684,761	2,951,983
SERRF	51,263,986	50,917,573	346,413
Tideland Oil Revenue	64,100,959	63,809,486	291,473
Uplands Oil	10,228,836	10,514,840	(286,004)
Total	217,230,525	213,926,660	3,303,865

*Includes Transfer to Other Funds of \$31,013,489

Summary of Adopted Changes*

Gas Fund	Impact	Position
Reduce revenue budget to reflect the expiration of the pipeline lease with Southern California Gas.	1,350,000	-
Increase revenue budget to reflect projections for Gas Transmission Advanced Metering Infrastructure (AMI) revenue.	(1,500,000)	-
Add a Gas Distribution Supervisor I for Gas Services Bureau to increase direct oversight of employees engaged in field customer service activities.	104,815	1.00
Implement personnel budget changes to assist with operational and budget management. These changes include upgrading one Engineering Aide III-NC to Senior Engineering Tech I, reclassifying a Gas Distribution Supervisor II to Gas Distribution Supervisor I and a Civil Engineer Associate to a Mechanical Engineering Associate.	6,293	(0.60)
Implement various organizational, staffing and materials budget changes to assist with operational and budget management. These changes include upgrading an Accountant II to a Senior Accountant, reclassifying an Accountant II to an Assistant Administrative Analyst II and reallocating budget for an Accountant III to reflect the appropriate funding source.	(28,842)	-
Reclassify a Petroleum Engineer II to Geologist II and a Petroleum Engineer I to Petroleum Operations Coordinator I in the Oil Operations Bureau.	(22,496)	-
Reduce materials budget to align with actual operations including reduction in costs for computer training, printing and posting for the LBGO Calendar, and budget for regulatory fees.	(190,000)	-
As a technical correction, reduce duplicative paving budget from CIP Budget to eliminate redundancy in the budget.	(100,000)	-

Upland Oil	Impact	Position
One-time operating transfer from FY 17 Uplands Fund year-end funds available to support adoption night changes.	300,000	-

SERRF Fund	Impact	Position
Decrease revenue budget to reflect estimated decline in waste deliveries from the Los Angeles County Sanitation District (LACSD).	986,000	-
Increase revenue budget to reflect a CPI adjustment to City of Long Beach per ton refuse disposal costs.	(384,950)	-
Increase revenue from charges to private refuse hauler due to increase in per ton disposal fee.	(1,249,000)	-
Reduce revenue budget for electricity sales to reflect lower production estimates.	1,099,000	-
Realign budget to reflect an estimated per ton hauling and disposal fee, offset by reduced ash generation due to reduced budgeted production estimates.	(121,000)	-
Increase budget to reflect an increase in the annual Business Package Insurance.	159,400	-

*For ease of review, reallocations of resources within departments, offsets, adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).

Business Operations Bureau

Key Services:

1. Personnel Management

- Payroll Processing, Auditing
- Employee Training and Development
- Coordination of Employee Benefits
- Recruitment, selection and onboarding
- Protected Leave Administration
- Workers Compensation/Return-to-work
- Administrative Investigations
- Performance Management

2. Occupational Safety Compliance

- Manage Cal-OSHA compliance for general industry activities
- Assess occupational safety training requirements and ensure compliance
- Evaluate incident trends and implement measures for mitigating loss
- Advise on corrective actions for identified or recognized hazards

3. Financial Oversight and Budget Management

- Forecasting Revenue/Expenditures
- Collect/Review/Coordinate Year-to-Year Budget Changes
- Estimates to Close Input
- Personnel Records/ Org Year-to-Year Changes
- MOU Development/Review
- Accounting for all Funds (Gas, Gas Prepay, Uplands, SERRF, SERRF JPA, TORF)
- Payment Processing (Payables/Receivables)
- Article 9 Recalculation/ Redistribution
- Oil Revenue Distribution (State, City, Contractor, Working Interest Owners)
- Asset Capitalization

- Financial Statements and Management Reports

4. Natural Gas Supply Management

- Gas Demand/Supply Analysis
- Gas Procurement
- Large Customer Support
- Monthly Gas Rate Calculations and Fee Schedule
- Gas Nominations/Curtailment
- SoCal Gas Rate Case Monitoring
- Energy Rebate Program

5. LBGO Material & Supply Management

- Material/Supply Procurement
- Material/Supply Distribution
- Inventory Control

6. Government Affairs / Public Information / Regulatory Compliance

- Website Update/Support
- Public Records Act Request
- Information Update/Tracking
- AB32 Regulatory Compliance
- Customer Communication

7. Call Center Operations

- Receive/Respond to Customer Service Calls
- Develop Customer Service Orders
- Support Implementation of New CIS
- Setting up New Accounts
- Billing and Meter Reading
- Closing Accounts/Final Billing

8. Executive Leadership / Strategic Projects

- Inter-departmental coordination
- New initiatives Oversight
- Policy Development
- Operational Coordination

FY 18 Funding Sources: Gas Fund 98%, Tideland Oil Revenue Fund 2%

Business Operations	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	84,176,061	85,195,856	85,345,856
Expenditures	60,919,767	58,591,629	60,166,290
FTEs	59.17	60.17	60.67

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Business Operations Bureau

Narrative:

The implementation of the California Global Warming Solutions Act of 2006 (AB 32) was extended to include the natural gas industry (including distributors such as LBGO). By regulation, LBGO is required to complete annual Green House Gas (GHG) emission reports. These reports are verified by a third party and are in accordance with AB 32's "Cap and Trade" provisions. The final program rules for natural gas distributors under the "Cap and Trade" provisions, which were adopted earlier this year by the California Air Resources Board, required LBGO to engage in purchasing carbon credits beginning in February 2015.

The June 2014 approval by the City Council of LBGO's Advanced Metering Infrastructure (AMI) initiative marked the beginning of full implementation which is estimated to take three-years. During FY 15, LBGO kicked-off the AMI "Proof of Concept" phase supporting full software installation/integration and the small-scale testing (about 1,000 meters) of the system. After the successful completion of the "Proof of Concept" phase, the program moved to full implementation in February 2016. The project will install 150,000 smart gas meters across the City and is on schedule to be completed by December 1, 2017. AMI is the new industry standard as all major gas and electric utilities statewide including Southern California Edison, Southern California Gas Company, San Diego Gas and Electric, Pacific Gas and Electric, and numerous municipal utilities, such as the Los Angeles Department of Water and Power, have already replaced, or are in the process of replacing their manually read meters with Smart Meter systems. Long Beach will see the benefit of improved metering efficiency, improved customer information, reduced operational costs, and reduced carbon emissions once AMI is fully deployed.

LBGO will continue to outreach and market opportunities for converting to natural gas as a clean energy alternative. Projects include: working with the Aquarium of the Pacific to support installation of a fuel cell; construction of a compressed natural gas (CNG) fueling station in the harbor to support a clean-fuel alternative for transportation of goods in and out of the Ports of Long Beach and Los Angeles; and support of a fuel cell project with prominent business in the port; and implementation of a bio-gas purchase and distribution program supporting clean-fuel credits for transportation customers.

Engineering & Construction Bureau

Key Services:

- 1. Gas Emergency Response (Pipeline)**
 - Emergency Response to leak calls from public
 - Leak Investigations
- 2. Gas Pipeline Repair & Installation**
 - Alter gas pipelines in response to requests by customers
 - Replace sections of gas pipelines
 - Disconnect pipelines for building demolition
 - Maintain and repair gas pipelines
 - Install gas pipelines in response to customer requests
- 3. Cathodic Protection**
 - Survey cathodic protection systems as required by PHMSA
 - Maintain cathodic protection system facilities
 - Construction cathodic protection systems
- 4. Gas Pipeline Systems Regulatory Compliance and Safety Training**
 - Maintain Emergency Valves as required by PHMSA
 - Survey the gas system for leaks
 - Maintain district regulator stations as required by PHMSA
 - Review/upgrade/maintain PHMSA required plans
 - Train and test employees and contractors to PHMSA requirements
- 5. Underground Service Alert Response**
 - Locate and mark underground gas pipelines prior to excavation by third parties
- 6. Gas Construction Inspection and Project Management**
 - Inspect and coordinate LBGO and developer/contractor pipeline projects for compliance with standards
 - Investigate requests by customers for new or changed gas service and meter requirements
 - Manage pipeline construction projects
- 7. Gas System Engineering, Design & Records Maintenance**
 - Engineer and design gas pipelines on capital projects
 - Produce specifications, plans and cost estimates for capital pipeline construction projects
 - Produce drawings and acquire permits
 - Produce reports for PHMSA audit inspections
 - Maintaining and updating project work orders
 - Maintaining and updating GIS
- 8. Gas Telemetry & Calibrations**
 - Maintain City Gate and Local Producer sites
 - Measurement Reporting
 - Instrument Calibrations
 - SCADA network maintenance
- 9. LBGO Facility Maintenance**
 - Maintain LBGO base facility
 - Custodial duties
 - Electrical work
 - Other general maintenance

FY 18 Funding Source: Gas Fund 100%

Engineering & Construction	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	7,304,535	8,301,612	8,301,612
Expenditures	21,016,352	22,124,801	22,735,361
FTEs	88.60	89.44	88.34

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Engineering & Construction Bureau

Narrative:

The U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) require that certain inspections and surveys be performed on all natural gas distribution systems. Surveys for gas pipeline leaks include business districts, hospitals, schools and churches, which must be checked annually and residential areas, of which 20 percent must be checked annually. In addition, inspections are required on all valves necessary for emergency operation, all corrosion control areas and all district regulator stations. LBGO accomplished all required surveys and inspections in FY 17. As part of a PHMSA required Damage Prevention Program, in FY 17, LBGO responded to over 12,000 requests for locating and marking City-owned underground gas pipelines.

LBGO continues to focus on pipeline replacement to ensure safe and efficient service delivery. During FY 17, about 36,500 feet of main pipelines were replaced, all of which were pre-1960 pipelines.

Electric Generation Bureau

Key Services:

1. Waste-to-Energy Operations

- Facility Operations
- Site inspection, daily contractor oversight
- Permit and other regulatory expenses
- Insurance
- Facility bond repayment

2. Narcotics Destruction

- Provide safe access to SERRF combustors
- Scheduling

3. SERRF Administration

- Regulatory Compliance management
- Contract management
- Budget preparation, tracking and forecasting
- Public policy analysis
- Refuse Marketing (ensuring sufficient refuse quantities)
- Accounts Payable
- Public outreach, Industry leadership

FY 18 Funding Source: SERRF Fund 100%

Electric Generation	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	41,875,415	51,715,036	51,263,986
Expenditures	45,155,639	50,832,232	50,917,573
FTEs	3.50	3.50	3.50

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Waste-to-Energy Program includes the operation of the Southeast Resource Recovery Facility (SERRF), which is a mass-burn waste-to-energy facility that incinerates residential and commercial refuse. A portion of the electricity generated is used to power SERRF (15 percent), while the remainder is sold to Southern California Edison (SCE). The facility helps keep Long Beach refuse rates competitive in the market and provides a positive alternative to the environmental impacts of sending waste to a landfill. As a public service, SERRF also works with federal, state, and local law enforcement agencies to destroy narcotics and drug-related paraphernalia. In FY 16, over 500,000 pounds of confiscated material was destroyed.

With the closure of the Puente Hills Landfill in November 2013, SERRF continues to experience a significant increase in operational costs. The waste ash generated by SERRF was previously used at the Puente Hills Landfill, with no disposal fee charged to SERRF. Now, it is necessary to haul waste ash to the El Sobrante Landfill and pay a disposal charge. This has resulted in an increase of approximately \$6.0 million in operational expenses annually.

In anticipation of SERRF achieving 30 years of operation in December of 2018, staff is working now to address several milestones that will occur. For example, facilities bonds will be fully paid reducing operational costs, and the electrical generation contract between the City of Long Beach and Southern California Edison will end. Staff has begun the process of negotiating agreements with CALISO and Southern California Edison to sell power after the expiration of the current power purchase agreement. Staff has also pursued an aggressive policy to increase its private hauler refuse disposal fees to offset higher operational costs. Staff is also identifying operational agreements that take advantage of some newer green technologies in addressing the City's waste disposal needs. SERRF is a proven asset at providing environmentally sound solutions to the City's waste disposal, and with new solutions, it can continue well into the future.

Gas Services Bureau

Key Services:

1. Customer Service

- Emergency Response
- Meter Turn On and Off Orders
- Pilot Lighting
- Gas Appliance Service/Safety Inspection
- Billing Related Service Orders

2. Gas Metering and Regulation (and related activities)

- New Meter Installation
- Meter Proving
- Meter Maintenance and Painting

- AMI Data Management and Reporting
- AMI Meter Management and Installation

3. Service Order Dispatching and System Control

- Prepare and Route Daily Work orders
- Receive and Dispatch After Hours Emergency and Priority Service Calls
- Pressure Monitoring and Gate Station Control
- Monitor Gas Quality
- Instrument Calibrations

FY 18 Funding Source: Gas Fund 100%

Gas Services	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	1,923,706	2,273,727	2,273,727
Expenditures	7,418,646	7,281,964	7,209,597
FTEs	61.22	60.38	61.88

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The Gas Services Bureau continues to provide outstanding service to the residents of Long Beach and Signal Hill. Field Service Representatives safely completed in excess of 110,000 service orders, the majority of which were scheduled for next day service. Leak response numbers were up over the previous year, but are expected to decline with the conclusion of meter work associated with the AMI project.

In FY 17, the Gas Service Bureau has been fully involved with AMI implementation. Resources were reorganized into a new AMI/Meter Support work group and tasked with installing more than 8,000 AMI meters and devices on the more complicated meter sets throughout the city. With full implementation, Gas Services will manage new functions including AMI device and data management.

Full implementation of the AMI project is expected to even further reduce customer service wait times. By reducing certain service orders that previously mandated a physical meter read, resources will be more available for service calls. With this understanding, Gas Services has strengthened its training program to ensure the highest levels of customer service.

Oil Operations Bureau

Key Services:

1. Subsidence Mitigation

- Conduct field wide elevation surveys at least twice a year
- Prepare elevation maps and annual elevation report to City Council
- Prepare annual budget for State Land Commission approval
- Continuous elevation monitoring via GPS system
- Set voidage balancing guidelines and continuously monitor for compliance
- Meetings with field contractor

2. Oil Spill Prevention and Response

- Ensure oil field environmental regulatory compliance
- Oil field inspections
- Participate in audits
- Facility project approval
- Review maintenance programs and capital investments
- Oil well and pipeline abandonment

3. Oil Field Planning and Contract Management

- Calculate abandonment liability
- Coordinate with POLB on port development impacts to oil operations
- Oil sale measurement and quality verification
- Oil field procurement approval
- Working interest owner support
- Long Beach Unit annual plan and program plan
- Estimate of oil operations and City budget

4. Optimization of Oil and Gas Production

- Reservoir management
- Oil field life planning
- Conduct engineering reviews of proposed drilling and investment well work
- Economic investment justification approval

FY 18 Funding Sources: Tideland Oil Revenue Fund 86%, Uplands Oil Fund 14%

Oil Operations	Actuals FY 16	Adjusted* FY 17	Adopted** FY 18
Revenues	60,261,050	67,092,768	70,045,344
Expenditures	59,868,804	70,131,710	72,897,839
FTEs	19.50	18.50	18.00

* Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

** Amounts exclude all-years carryover.

Narrative:

The oil assets managed by LBGO continue to provide for a viable transfer of revenue to the Tidelands Operating Fund and the Uplands Oil Fund. The FY 18 Budget is based on an average oil price of \$45 per barrel.

The FY 18 Budget supports a transfer of \$10.69 million to the City's Tidelands Operating Fund as its proportionate share in the profits from the Wilmington Oil Field operations; and, an anticipated transfer of \$8.91 million from the Uplands Oil Fund to the General Fund from the City's oil interests' profits as well as the administrative fee earned as Unit Operator.

The FY 18 Budget will continue to allow LBGO to manage the performance of the City and State's onshore and offshore oil and natural gas operations in a manner to protect the environment and avoid subsidence, while strengthening the oil fields fiscal sustainability. These total resources will allow the operation to manage over 2,000 wells in the Wilmington field, direct the drilling of approximately 18 new wells, survey 540 benchmarks, ensure the injection of more water into the reservoir than the total fluids produced, and produce approximately 12 million barrels of oil.

Financial Summary by Category

	Actual FY 16	Adopted* FY 17	Adjusted** FY 17	Adopted* FY 18
Revenues:				
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Franchise Fees	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Use of Money & Property	65,175,393	71,833,640	71,833,640	74,786,216
Revenue from Other Agencies	-	-	-	-
Charges for Services	116,485,921	128,113,620	128,113,620	127,427,620
Other Revenues	1,460,201	1,239,824	1,239,824	1,239,824
Interfund Services - Charges	12,418,723	13,391,915	13,391,915	13,776,865
Intrafund Services - General Fund Charges	-	-	-	-
Harbor & Water P/R Rev Trsfs	-	-	-	-
Other Financing Sources	-	-	-	-
Operating Transfers	528	-	-	-
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Total Revenues	195,540,767	214,578,999	214,578,999	217,230,525
Expenditures:				
Salaries, Wages and Benefits	22,853,495	25,585,741	25,458,188	26,046,841
Overtime	455,320	360,884	377,596	360,883
Materials, Supplies and Services	125,330,395	145,023,960	145,575,821	144,811,321
Internal Support	7,845,235	7,735,175	7,735,175	8,200,227
Capital Purchases	7,340,701	1,488,455	1,488,455	1,488,455
Debt Service	2,050,218	2,005,701	2,005,701	2,005,445
Transfers to Other Funds	28,503,844	25,593,434	26,321,401	31,013,489
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Total Expenditures	194,379,207	207,793,350	208,962,336	213,926,660
Personnel (Full-time Equivalents)	231.99	231.99	231.99	232.39

* Amounts exclude all-years carryover. See budget ordinance in the back of this document.

** Amounts as published in the FY 18 Proposed Budget released July 3, 2017.

Personnel Summary

Classification	FY 16 Adopt FTE	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 17 Adopted Budget	FY 18 Adopted Budget
Director of Long Beach Gas and Oil	1.00	1.00	1.00	224,790	213,369
Accountant I	1.00	1.00	-	52,258	-
Accountant II	2.00	2.00	-	144,703	-
Accountant III	2.00	2.00	2.00	164,125	170,756
Accounting Clerk III	1.00	1.00	2.00	50,976	96,189
Accounting Technician	0.50	0.50	0.50	23,083	24,016
Administrative Analyst II	1.00	2.00	2.00	154,100	163,382
Administrative Analyst III	1.00	1.00	1.00	90,939	94,613
Administrative Officer	-	-	1.00	-	112,409
Administrative Officer-Oil Properties	1.00	1.00	-	108,044	-
Assistant Administrative Analyst II	2.00	1.00	2.00	60,423	123,669
Civil Engineering Associate	1.00	1.00	-	95,764	-
Clerk Typist III	3.00	4.00	3.00	188,750	132,672
Construction Inspector I	4.00	2.00	2.00	168,414	168,936
Construction Inspector II	4.00	6.00	6.00	555,053	554,603
Customer Service Representative III	25.00	25.00	25.00	1,152,699	1,213,809
Customer Service Representative II-NC	3.67	3.67	3.67	145,509	150,159
Customer Service Supervisor II	4.00	4.00	4.00	274,071	278,088
Customer Service Supervisor III	1.00	1.00	1.00	72,351	76,736
Customer Services Officer	1.00	1.00	1.00	85,641	89,101
Department Safety Officer	1.00	1.00	1.00	91,763	95,471
Division Engineer-Oil Properties	3.00	3.00	3.00	477,331	496,616
Electrician	1.00	1.00	1.00	65,494	65,494
Engineering Aide III-NC	1.60	1.60	-	67,144	-
Engineering Technician I	2.00	2.00	2.00	111,717	117,322
Engineering Technician II	4.00	4.00	4.00	273,211	278,146
Executive Secretary	1.00	1.00	1.00	66,943	69,648
Financial Services Officer	1.00	1.00	1.00	107,165	111,494
Gas Construction Worker II	22.00	22.00	22.00	1,238,465	1,240,072
Gas Construction Worker III	10.00	10.00	3.00	670,832	200,185
Gas Distribution Supervisor I	4.00	4.00	6.00	317,064	485,266
Gas Distribution Supervisor II	3.00	3.00	2.00	267,103	184,811

Personnel Summary

Classification	FY 16 Adopt FTE	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 17 Adopted Budget	FY 18 Adopted Budget
Gas Field Services Representative I - NC	3.22	3.22	3.22	126,671	126,656
Gas Field Services Representative II	35.00	35.00	35.00	2,047,173	2,015,555
Gas Field Services Representative III	14.00	14.00	13.00	904,755	852,382
Gas Field Technician I	-	-	3.00	-	213,715
Gas Field Technician II	-	-	4.00	-	299,010
Gas Field Technician III	-	-	3.00	-	220,712
Gas Instrument Technician II	2.00	2.00	-	134,980	-
Gas Maintenance Supervisor I	8.00	8.00	8.00	641,543	661,334
Gas Maintenance Supervisor II	3.00	3.00	3.00	267,103	260,518
Gas Pipeline Compliance Officer	1.00	1.00	1.00	113,000	117,613
Gas Pipeline Welder/Layout Fitter	5.00	5.00	5.00	382,177	382,177
Gas Supply & Business Officer	1.00	1.00	1.00	112,021	117,045
General Maintenance Supervisor II	1.00	1.00	1.00	67,161	69,874
Geologist II	1.00	1.00	2.00	148,083	275,274
Maintenance Assistant I	1.00	1.00	1.00	38,528	38,528
Maintenance Assistant II	1.00	1.00	1.00	42,482	42,482
Manager-Business Operations	1.00	1.00	1.00	161,680	135,307
Manager-Electric Generation	1.00	1.00	1.00	155,583	161,869
Manager-Engineering and Construction	1.00	1.00	1.00	144,358	150,190
Manager-Gas Services	1.00	1.00	1.00	122,977	127,945
Manager-Oil Operations	1.00	1.00	1.00	167,982	180,012
Mechanical Eng Associate	1.00	1.00	2.00	84,575	160,494
Mechanical Engineer	2.00	2.00	2.00	228,548	206,837
Oil Field Gauger II	1.00	-	-	-	-
Payroll/Personnel Assistant II	1.00	1.00	1.00	49,617	50,535
Payroll/Personnel Assistant III	1.00	1.00	1.00	53,524	55,686
Petroleum Engineer Associate II	2.00	1.00	1.00	114,533	93,736
Petroleum Engineer I	1.00	1.00	-	109,234	-
Petroleum Engineer II	4.00	4.00	3.00	565,079	444,249
Petroleum Operations Coordinator I	5.00	5.00	6.00	596,570	683,449
Principal Construction Inspector	1.00	1.00	1.00	104,279	104,279
Secretary	4.00	4.00	5.00	208,992	251,192
Senior Accountant	1.00	1.00	2.00	90,939	154,557

Personnel Summary

[illegible]

